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TAGS: [PREL](#) [UY](#)
SUBJECT: Uruguay: A/S Valenzuela's December 16-17 Visit

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(D)

Summary

11. (C) During A/S Valenzuela's December 16-17 visit to Uruguay, he met with Uruguayan President-elect Jose "Pepe" Mujica, Foreign Minister Pedro Vaz along with five other ranking Uruguayan career diplomats, and with Minister of Defense (and former foreign minister) Gonzalo Fernandez. Mujica told Valenzuela that Uruguay needs the United States, and that he wants to have an open dialogue with U.S. officials. Uruguay will keep its strong commitment to UN peacekeeping missions, Mujica said. In the region, Mujica is concerned about the situation of Paraguayan President Lugo, and agreed with Valenzuela on the importance of showing support for Paraguay's constitutional order. After Valenzuela explained the U.S. position on Honduras in detail, FM Vaz gave the strongest signal yet that Uruguay could eventually recognize the result of the November 29 presidential elections. End Summary.

----- Meeting the President-Elect -----

12. (C) In what he described as an introductory call, A/S Valenzuela met December 17 with President-elect Jose Mujica, Vice President-elect Danilo Astori, and Foreign Minister-designate Ambassador Luis Almagro. Valenzuela began by emphasizing his pride in representing an administration that is looking to set a positive tone with the countries of the Western Hemisphere, values multilateralism, and embraces international law. He congratulated Mujica on his election, and stressed that he hoped both countries could contextualize the relationship as one that would take into account the past, but focus on the future. Valenzuela also extolled Uruguay's commitment to the principles of political pluralism, strong institutions, and the rule of law.

13. (C) Mujica told Valenzuela that Uruguay "really needs" the United States, that he personally is looking at the bilateral relationship with an eye toward the future rather than back at the past, and that he has "a strong will to have an open relationship" with the United States. Valenzuela echoed the need for an open dialogue between our two countries, and noted the importance of constant demonstrations of our shared values. Charge Matthewman detailed areas of current cooperation (specifying instances in international organizations like the WTO and IAEA, and in the areas of counternarcotics and money laundering; science, technology, and

health), and Astori discussed his satisfaction with our burgeoning partnership, giving special attention to the mutual benefits resulting from the existing Trade and Investment Framework Agreement.

14. (C) Valenzuela expressed appreciation for Uruguay's personnel contributions to UN peacekeeping efforts. Mujica admitted to having a "confused" personal view on the subject, which he said owed to a conflict over what he believes to be the proper role of the Uruguayan military (domestic support as needed, e.g. disaster relief and infrastructure development) and Uruguay's obligations to the rest of mankind. He told Valenzuela he has come to the conclusion that there are always going to be places in the world that need the help of Uruguayan peacekeepers and that obligation is important. Moreover, Uruguay and its peacekeepers derive considerable benefits from such operations, Mujica said, noting as the principal advantages enhanced international prestige for the country and formative personal experiences for the soldiers themselves. For those reasons, Mujica continued, "we won't change the peacekeeping policy and will try to make it even better." However, there are and will continue to be many conflicts around the world for which Uruguay has no responsibility, Mujica stressed.

15. (C) Valenzuela shared impressions from his December 15-16 trip to Argentina, which prompted Mujica to say: "We have a little problem with Argentina over a bridge, but we'll resolve it. We're trying to clean the sidewalk in front of our house. We'll do our part, all that we can." He was similarly expressive on the subject of Paraguay, listening with interest as Valenzuela explained President Lugo's current difficult situation, and replying with deliberation that "Uruguay would not want anything to happen to Lugo. Paraguay is a country with very little institutional strength, not like Uruguay." Valenzuela assured him that the United States will work to avoid any "unexpected" happenings in Paraguay, telling Mujica that both the United States and Brazil agree that what happened in Honduras must be avoided in Paraguay.

Meeting with Senior Foreign Ministry Officials

Honduras

16. (C) The discussion during Valenzuela's several-hour meeting and working lunch with foreign ministry officials centered on the situation in Honduras, which Vaz noted was the focus during the recently concluded Mercosur summit in Montevideo. Valenzuela took note of the Mercosur joint position, as expressed in a summit communiquC), and then explained the U.S. position in detail, offering an insider's perspective of the sequence of events. He first underscored what he described as the basics of the situation: The U.S. recognizes that a coup d'etat took place in Honduras, and a coup in the hemisphere is not to be tolerated. As a consequence, we joined the other countries of the hemisphere in suspending Honduras from the OAS. Valenzuela outlined the efforts of Costa Rican President Oscar Arias to mediate the issue, and gave a detailed description of the contents of the Tegucigalpa-San Jose Accord and the steps (and missteps) surrounding its signature.

17. (C) Another important factor to consider, Valenzuela continued,

is that an electoral process was ongoing that preceded the coup and President Mel Zelaya's efforts toward reinstatement. In fact, Valenzuela explained, Zelaya's own vice president had resigned months before the coup to run in the primaries. Valenzuela emphasized that the turnout was approximately the same as the turnout for Honduras' previous presidential elections, and that the U.S. and other countries had determined that the election -- generally speaking -- met international standards. Not to recognize the legitimacy of that process would therefore mean the Honduran people would be punished twice: first, by the coup itself, and then by being denied a legitimate electoral exit from Honduras' current political pariah status. Valenzuela further explained that the U.S. views the election as a necessary step for Honduras, but not in itself a sufficient step to bring Honduras back into the OAS in good standing. Necessary actions still to be completed include the creation of a government of national unity, the creation of a truth commission, and the restoration of President Zelaya.

18. (C) Valenzuela summed up by reiterating that all of the U.S.'s actions in this case have sent a strong message that coups will not be tolerated, and that the best way forward would be the formation of a government of national unity. After appearing to closely consider Valenzuela's words, Vaz offered the strongest possibility yet that Uruguay might eventually accept the results of the Honduran elections, saying that Uruguay "could take the election results in Honduras under consideration, but only after an accord between Hondurans" that would demonstrate that both sides had found common ground.

Pathways to Prosperity

19. (SBU) During a broader discussion about the region, Valenzuela remarked that the U.S. is looking forward to Uruguay's continuing participation in the Pathways initiative. FM Vaz replied that he has attended two Pathways ministerial meetings, and noticed a qualitative improvement in the more recent. The major improvement, Vaz said, was that organizers had begun to take into account the fact that each country in the hemisphere has different and distinguishing characteristics. Vaz praised the initiative by saying that it appears to offer the prospect of producing tangible benefits for the people of the hemisphere. With that in mind, he continued, Uruguay hopes to use its experience in becoming the first country in the world to fully realize the one-laptop-per-child program to help other countries in the region improve the computer literacy of their children.

Trade Policy

10. (SBU) Uruguayan Ambassador to the U.S. Carlos Gianelli offered a paean to our Trade and Investment Framework Agreement, and then asked about whether the Obama Administration has arrived at a specific trade policy for the region. Valenzuela replied that the succession of serious crises that Obama has had to deal with since taking office has meant some delays, so we're still having internal discussions. Valenzuela noted that the Democratic Party is not a protectionist party, and there is a broad consensus among policymakers and legislators in the U.S. that international trade is vital to our country's economic health. Still, Valenzuela cautioned, everyone also understands that trade and trade agreements are not magic wands.

Building Bridges

¶11. (U) Gianelli commented favorably on Uruguay's "sister" relationship with Minnesota, and Vaz asked how to strengthen such ties. Valenzuela answered by explaining the importance of contact with local leaders, and how their motivated participation in the relationship could spur it to mutual advantage. Remarking that most Uruguayan beef enters the U.S. through Philadelphia, Valenzuela recommended establishing a similarly friendly relationship with Philadelphia officials and civil society. Gianelli was grateful for the suggestion, which he said he would act upon.

Meeting with Minister of Defense

A Friend of the U.S.

¶12. (C) A/S Valenzuela met with Minister of Defense Gonzalo Fernandez December 17. Fernandez is President Tabare Vazquez's closest advisor. He served as Vazquez's chief of staff for the first three years of the administration, then foreign minister for the subsequent 18 months before moving over to handle the defense portfolio September 2009. When Fernandez assumed his role at the MFA, relations with the U.S. improved immediately. Valenzuela began the meeting by recognizing the excellent relations we developed with the Vazquez government, with Fernandez as our principal interlocutor. Fernandez replied that he and Vazquez had always sought to have a good relationship with the U.S., first with President Bush and now with President Obama. As testament to that, Fernandez recounted episodes, such as working toward the compromise on Cuba at the OAS meeting in San Pedro Sula and pushing to move the U.S.-Colombia Defense Cooperation Agreement (DCA) off the heads-of-state agenda in UNASUR, in which he worked to help the U.S. Fernandez pronounced himself encouraged by what he described

as evidence pointing to the likelihood that the Mujica administration will continue the Vazquez/Fernandez foreign policy line. He discounted the possibility of any significant foreign policy changes, saying Uruguay doesn't have much policy space within which to move.

Peacekeeping: An Unexpected Burden

¶13. (C) Valenzuela stressed U.S. appreciation for Uruguay's extraordinary personnel contributions to UN peacekeeping operations, congratulating Fernandez on Uruguay's perennial standing as the largest per-capita provider of peacekeeping troops. Fernandez was grateful, saying the U.S. has always offered a helping hand in the area, but then begged Valenzuela's indulgence in airing some difficulties Uruguay is currently experiencing funding its operations. According to Fernandez, the UN is eight months and USD 30 million in arrears to Uruguay, a circumstance that has meant many Uruguayan peacekeepers are not getting paid.

¶14. (C) Fernandez said his ministry had been borrowing money to make up for the delayed UN funds, but had recently exhausted its borrowing facility at the state-run Banco Republica. That forced him to introduce a law, which had to be passed in a special session of Uruguay's recessed Congress, allowing the Ministry of Defense to borrow an additional USD 6 million, all of which went immediately toward back salaries. Predicting an unfriendly response if he has to introduce another, similar bill to keep paying his soldiers, Fernandez indicated that he is very worried about being able to maintain the tempo of operations. He further stated that the UN consistently replied to his appeals for payment by saying it was unable to respond due to U.S. arrears, which was the reason he was raising the subject with Valenzuela. Valenzuela committed to look into the matter and to do all that he could to move the issue forward.

A Former FM's Take on Argentina & UNASUR

¶15. (C) The difficult relationship with Argentina stemming from the dispute over the location of a paper pulp mill on the Uruguayan side of the Rio Uruguay, which forms a border between the two countries, was Fernandez's bugbear over the last three years. He described Argentina's conduct in that period as "the most irrational thing I've ever seen," and told of countless secret meetings to resolve the situation that came to nothing because the Argentine side was acting in bad faith. It was that dispute that led Fernandez to conclude that Uruguay had to veto Ecuadorian President Rafael Correa's nomination of former Argentine President Nestor Kirchner as head of UNASUR, an organization whose utility Fernandez questioned.

¶16. (C) When Valenzuela asked about UNASUR's role, Fernandez replied that it is an organization that has not shown itself capable of handling any crisis. He gave as an example of competent crisis management the most recent flare-up between Colombia and Ecuador, which was handled first by the Rio Group and then by the OAS. Describing various regional organizations (Mercosur, UNASUR, Rio Group, the OAS) as concentric circles, Fernandez questioned UNASUR's relevance. Fernandez seemed especially galled by the media focus of many UNASUR heads of state at meetings, describing such meetings as "shows, nothing else." Valenzuela allowed that he also had questions about an organization of disparate members that, without a counterweight, was bound to be dominated by one member, Brazil. Fernandez replied that it was exactly that reason why the OAS, with the U.S. as an anchor, would remain the most important regional body. Fernandez ended by predicting a limited future for UNASUR, saying that it could act as a "shock absorber" for the region's frictions, but would never be able to resolve problems alone.

Vazquez in 2014?

¶17. (SBU) Fernandez told Valenzuela that he will not have an official role in a Mujica administration, but would instead return to his law practice. He took care to note, however, that he would be back if President Vazquez decides on another run for president in 2014. Fernandez pointed out that Vazquez is leaving office with an approval rating of over 70 percent, almost 20 percent higher than Mujica's vote total, and would almost certainly be the favorite in any political race he decides to enter in Uruguay.

Press

¶18. (U) Valenzuela spoke to a wide range of Uruguayan media and wire service outlets at a press availability that followed his meeting with President-Elect Mujica. About 20 print and electronic journalists attended. Characterizing Uruguay as a welcoming country, Valenzuela told his audience that he came without a fixed agenda, and was primarily interested in activities that would benefit Americans and Uruguayans. The Assistant Secretary told his audience that the U.S. understands and welcomes regional economic integration, and at the same time acknowledged his desire to strengthen the U.S.-Uruguay TIFA. He underscored the gravity of the coup d'etat in Honduras, and stressed the importance of the national election held there on November 29. Valenzuela's visit resulted in several days of overwhelmingly positive press.

¶19. (U) A/S Valenzuela cleared this communication.
SCHANDLBAUER